

Pre-Budget Submission 2025-26

February 2025



Introduction

The AAA is an apolitical and technology-neutral advocate for federal transport policy that improves safety, sustainability and equity.

It regularly commissions research and develops in-depth analysis of issues affecting transport systems, including affordability, road safety, and vehicle emissions.

Transport is a key enabler of a productive economy and has a material impact on the lives, livelihoods and amenity of Australian families and communities.



Budget asks

In the 2025-26 Federal Budget, the AAA calls on the Australian Government to implement the following actions:

1. Land Transport White Paper

The AAA seeks commitment of \$10 million over two years to fund a full review of the national land transport network, policies, planning and funding – and to deliver a Land Transport White Paper by the end of 2027.

2. No-blame road safety investigations

The AAA seeks commitment of \$2 million over two years for the Government to establish a no-blame road safety investigation capability at a national level.

3. Continued funding for the AAA's Real-World Testing Program

The AAA seeks commitment of \$18 million over four years (plus annual indexation for inflation) to further entrench the AAA's Real-World Testing Program into the Australian new car buying marketplace.

4. Road-user charging for zero and low-emission vehicles

AAA seeks commitment to:

- A national approach to road-user charging which, as a first step, brings zero and low-emission vehicles (ZLEVs) into the road-user charging system, without disincentivising their take-up, using the already legislated NSW model as the starting point.
- Revenue from the road-user charge to be directed to land transport infrastructure funding (including for EV charging in locations where return on investment is insufficient to be serviced by commercial providers alone).

5. Infrastructure funding, decision making and delivery

The AAA seeks commitment to:

- Ensure that AusRAP road safety ratings for all road user groups are published for all major road projects funded under the Commonwealth's Infrastructure Investment Program at the time of funding commitment. This should include the AusRAP rating prior to the proposed works as well as a description of how the work lifts the safety rating.
- Continuing to fund a 10-year land transport infrastructure pipeline at, or above, current funding levels expressed as a proportion of GDP.
- Use published road safety data, such as AusRAP, to select land transport projects.
- Project selection processes based on published pre-identified criteria, including national interest, defined corridors and nation-building objectives.
- Increased funding to sub-programs that support broader policy objectives in the infrastructure policy statement, such as productivity, resilience, liveability and sustainability, that are delivered through the land transport system.

1. Land Transport White Paper

A national transport plan for the future



AAA ASK

- Develop a Land Transport White Paper before the end of 2027 to bring the Australian land transport sector into the 21st century and guide future policies and funding programs for land transport infrastructure as we transition to a net-zero transport system.
- Cost: \$10 million over two years.

It is 20 years since an Australian Government has delivered a comprehensive approach to land transport planning, funding and investment decision making through a national Land Transport White Paper.

Australia's transport task, the technology delivering it, and the population dependent upon its delivery have changed enormously since 2004. In 2004, Australia's population was 19.9 million (now 26.7 million) and the cost of unleaded petrol averaged 98 cents per litre. Technologies we now take for granted, including smartphones, social media, electric vehicles, and commercial cloud computing were only just emerging and their impact on the lives of Australians were unknown.

With so much change in Australian society over the past two decades, the AAA believes it is time for a fresh look at the land transport task to develop a plan and guide investment decisions for the next 20 years. The new plan needs to consider how changes in technology, climate change, population, lifestyle, socio-political and economic conditions will impact Australia's future transport needs and how best to respond. This would avoid a disjointed approach to the various issues that risks wasting taxpayer funds with less efficient, less effective outcomes.

The plan would build on recent reports:

- Independent Review of Infrastructure Australia, conducted by Nicole Lockwood and Mike Mrdak AO, October 2022.
- Independent Strategic Review of the Infrastructure Investment Program, conducted by Clare Gardiner-Barnes, Mike Mrdak AO, and Reece Waldock AM, August 2023.
- Independent Review of the National Partnership Agreement on Land Transport Infrastructure Projects, conducted by Professor Jane Halton AO PSM, September 2023.

A Land Transport White Paper would demonstrate Government commitment to:

- Bringing together the advice already provided to Government from independent experts.
- Setting a strategic national framework around land transport policy and infrastructure, ensuring that all investment delivers value to the Australian community.
- Providing a formal mechanism for the Government to set and measure performance, and to hold states and territories accountable for ensuring that federal funding is tied to agreed outcomes.
- Establishing a formal mechanism for long-term infrastructure planning.
- Establishing objective project selection processes aligned to strategic planning and full costing before projects are included in the Infrastructure Investment Program.
- Establishing formal objective processes for determining federal/state funding splits for individual projects and programs based on the degree to which they meet national objectives.
- Determining how best to fund and support local government to sustainably plan, design, deliver and maintain vital road links, particularly in regional locations.
- Turning the goals outlined in the November 2023 Infrastructure Policy Statement into measurable performance objectives that the Government of the day is required to report against.
- Developing a long-term national plan for land transport tax reform, including a review of all motoring taxes and charges with a view to replacing them with a technology neutral road-user charge.
- Incorporating 'betterment' funding principles for disaster and recovery programs and projects providing reactive and proactive road resilience, maintenance, rehabilitation and strengthening.
- Showing Australians that governments have a plan for keeping up with ongoing population growth and the demands of technological change.



2. No-blame investigations



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- The Commonwealth should convene a diverse multi-disciplinary working group of key stakeholders (including the AAA and experts in no-blame investigations) to establish a capability for national prevention-focused, no-blame investigations for road crashes.
- Cost: \$2 million over two years.

As agreed by all governments in the National Road Safety Strategy 2021-30, the next Australian Government needs to urgently undertake national prevention-focused safe system investigations for road crashes.

This agreed objective can be delivered via prescribing no-blame investigations in Commonwealth legislation and would ensure that road safety data is independently examined to determine probable causes of road transport crashes. This would also inform the work of the National Office of Road Safety, and state/territory governments in developing the preventative measures needed to reduce crashes, deaths and serious injuries.

As an independent agency with a trusted reputation for no-blame investigations, the Australian Transport Safety Bureau (ATSB) currently undertakes investigation of air, rail and maritime incidents.

National governments in countries such as Denmark, Finland, Germany, the Netherlands, Norway, Sweden and the USA have established entities that undertake no-blame investigation of road crashes, and often also have investigative responsibility for other modes of transport. The United Kingdom is also working to establish a body to undertake no-blame investigation of road crashes, which is expected to be formed in 2025.

Road safety is a national concern affecting all Australians. During 2024, 1,300 people died on Australian roads – an increase of 18.5 per cent on the number of fatalities at the commencement of the National Road Safety Strategy 2021-30 and in stark contrast to the Strategy's target of halving fatalities.

The AAA welcomed the Commonwealth Government's 2024 announcement that the new five-year Federation Funding Agreement with states and territories now requires jurisdictions to report crucial road safety data. The data will save lives, because it will help explain the crashes occurring today, and tell us how to prevent similar crashes in the future. Australians will be able to see which road safety approaches are working, and those that are not. While collection and publication of data is a necessary step in curbing road trauma, more is needed.

In Australia, road crashes lead to significantly more deaths than those caused by other modes of transport. Yet the road network is the only transport mode that does not have an independent body to routinely conduct "no-blame" investigations to identify the causes of crashes and make recommendations for prevention and not be focused on apportioning blame. Given the current increasing trends in road deaths, this is an important leadership role for the Commonwealth.

The AAA calls on the Commonwealth to establish prevention-focused, no-blame investigation capability at the Commonwealth level to include serious injury and fatal road crashes, patterns and/or risks and make recommendations for systemic improvements.

Design Principles

The established body should:

- Be permanently established by the Commonwealth with bipartisan support.
- Complement and not duplicate or obstruct existing investigative bodies.
- Be genuinely structurally, financially and functionally independent; appropriately resourced (financially and in staffing); operate in an open and transparent way; and have statutory access to all necessary data and information (including from police, transport agencies, regulators, coroners and health).
- Engender public trust and confidence.

Considerations

The working group should consider the entity's statutory powers, including:

- The authority of investigators to compel evidence or testimony, access private property, and access medical records, vehicle data or mobile phone data.
- Whether information gathered or reports can be used for either criminal or civil liability purposes.
- Whether information gathered or reports can be used for research purposes.
- Whether there is a compulsion to implement recommendations.
- Clarity around interactions with other investigatory entities (e.g. insurers, Workcover, police, transport agencies, regulators and coroners) including primacy and sequencing of investigations.
- The interaction between state and territory authorities and the established body.

Operations and Focus

The established body should:

- Operate with a clear purpose and be scalable and shaped to deal with the specific circumstances that apply to road traffic in Australia (including recognising Australia's geographical challenges and that there is a significantly greater volume of incidents compared to air, sea and rail).
- Take a no-blame approach, be focused on providing actionable insights for preventing future crashes and road trauma, and publicly release the results of its investigations.
- Be able to identify trends to guide individual as well as large-scale or complex investigations of road crashes.
- Use an In-depth and multidisciplinary approach to gather data from multiple sources to identify patterns across the road network to create a broad, rich picture, deep diving into a representative cross section of individual incidents as part of that, rather than as stand-alone exercises.

3. Real-World Testing



The AAA seeks commitment that the Australian Government will reduce the costs associated with Australian motoring while improving environmental outcomes, by agreeing to:

1. Fund \$4.5 million per year (indexed annually to inflation) over four years to continue the independent Real-World Testing Program. The program tests new vehicle models released into the Australian market for fuel/energy consumption and emissions. Vehicles are tested on Australian roads in Australian driving conditions and the results are made public for consumer information.
2. Implement measures to ensure real-world vehicle test results are made widely available to consumers through the Green Vehicle Guide, point of sale materials, and general advertising.
3. Work with international counterparts, for example through the OECD International Transport Forum, to share the outcomes from the Real-World Testing Program to build international recognition of the program and the important role it will play in a net-zero transport network into the future.

In 2023, the Australian Government committed \$14 million to fund the AAA's Real-World Testing Program over four years. Testing at the program's Geelong facility began in August 2023. The program was launched in October 2023 and has published results for 70 vehicles to date.

The Program will test up to 200 vehicles (including cars, utes and vans) in real-world driving conditions over four years and quantify how each vehicle's fuel/energy consumption and emissions performance varies from the laboratory test results reported at point of sale. The test vehicles drive in real traffic on Australian urban and rural roads and a motorway.

The Real-World Testing Program complements new vehicle emissions regulation and:

- a) Provides improved information to consumers and policymakers on the fuel/energy consumption and emissions of light vehicles sold in Australia, by testing vehicles in real-world operating conditions. This helps vehicle buyers to choose vehicles that cost less to run and have lower emissions. That will become increasingly important as the New Vehicle Efficiency Standard rolls out and the regulatory framework becomes more complex.
- b) Provides additional data to governments to help evaluate the costs and benefits of new policy measures to reduce emissions from road vehicles.
- c) Informs the development of international vehicle standards for measuring fuel/energy consumption and emissions in real-world conditions.



4. Road-user charging



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- Commitment from the Australian Government to urgently progress work with the states and territories for a national approach to road-user charging which, as a first step, brings zero and low-emission vehicles (ZLEVs) into the road user charging system, without disincentivising their take-up, using the already legislated NSW model as the starting point.
- Revenue from the road-user charge to be directed to land transport infrastructure funding (including for EV charging in locations where return on investment is insufficient to be serviced by commercial providers alone).

The AAA has long advocated for distance-based road-user charging as a fairer and more equitable way to fund land transport infrastructure.

The AAA's long-term goal is for all motoring taxes and charges to be reviewed and possibly replaced by a technology-neutral road-user charge. This should be a key element of the Land Transport White Paper.

The AAA and member clubs recognise the complexity of this task and the time it will take to achieve consensus. But Australia cannot wait.

The AAA is pleased to see ZLEV adoption in Australia continuing to accelerate. But as uptake increases it will become more difficult to bring these vehicles into the tax system. Ultimately this will have an impact on revenue and the funding available for land transport infrastructure and services. The 2024 Federal Budget forecasts a reduction in fuel excise receipts by \$470 million over four years from 2024-25 because of the New Vehicle Efficiency Standard (NVES).

The Australian Government needs to lead a national approach.

In the absence of a national approach, Australian state governments have acted, introducing road-user charges alongside incentives to support ZLEV uptake.

Victoria was the first Australian state to adopt a road-user charge (tax) for EVs, FCEVs and PHEVs, introducing the distance-based charge on 1 July 2021, with different rates for every kilometre driven by an electric or hydrogen car, and plug-in hybrid vehicles. On 18 October 2023, the High Court of Australia handed down its decision in *Vanderstock & Anor v The State of Victoria (2023)* ("Vanderstock"), determining that the Victorian Government's Zero and Low Emission Vehicle Distance-based Charge Act was invalid. The charge has been abandoned and customers who had paid the fee are eligible for a full refund because of the decision.

New South Wales has legislated the introduction of a road-user charge that will apply to eligible EVs from 1 July 2027 or when EVs make up 30 per cent of new vehicle sales in NSW, whichever comes first. Plug-in hybrid EVs will be charged a fixed 80 per cent proportion of the full road-user charge to reflect their vehicle type. NSW originally set the rate at 2.5 cents per kilometre for EVs, however the charge rate is indexed to the consumer price index (CPI) each financial year. The NSW Government is working to assess the potential implications of the Vanderstock decision for NSW's electric vehicle road-user charge¹ and the NSW Budget 2024-25 forecasts revenue from the road-user charge of \$54 million in 2027-28 in the 2024-25 NSW Budget forward estimates².

¹ [A fair and sustainable road user charge | NSW Government](#)

² [Table 4.4 Budget Paper No.1 - Budget Statement Budget 2024-25 \(nsw.gov.au\)](#)

Western Australia has announced plans to introduce a road-user charge as part of a \$60 million package to accelerate EV use. The package includes rebates for the purchase of electric and hydrogen vehicles and investment in EV infrastructure. WA intends to introduce a distance-based road user charge for zero and low-emission light vehicles from 1 July 2027. Consistent with the other States, WA set the rate for EVs and hydrogen vehicles at a base rate of 2.5 cents per kilometre, with a rate of two cents per kilometre applying to plug-in hybrid electric vehicles, indexed to the CPI.

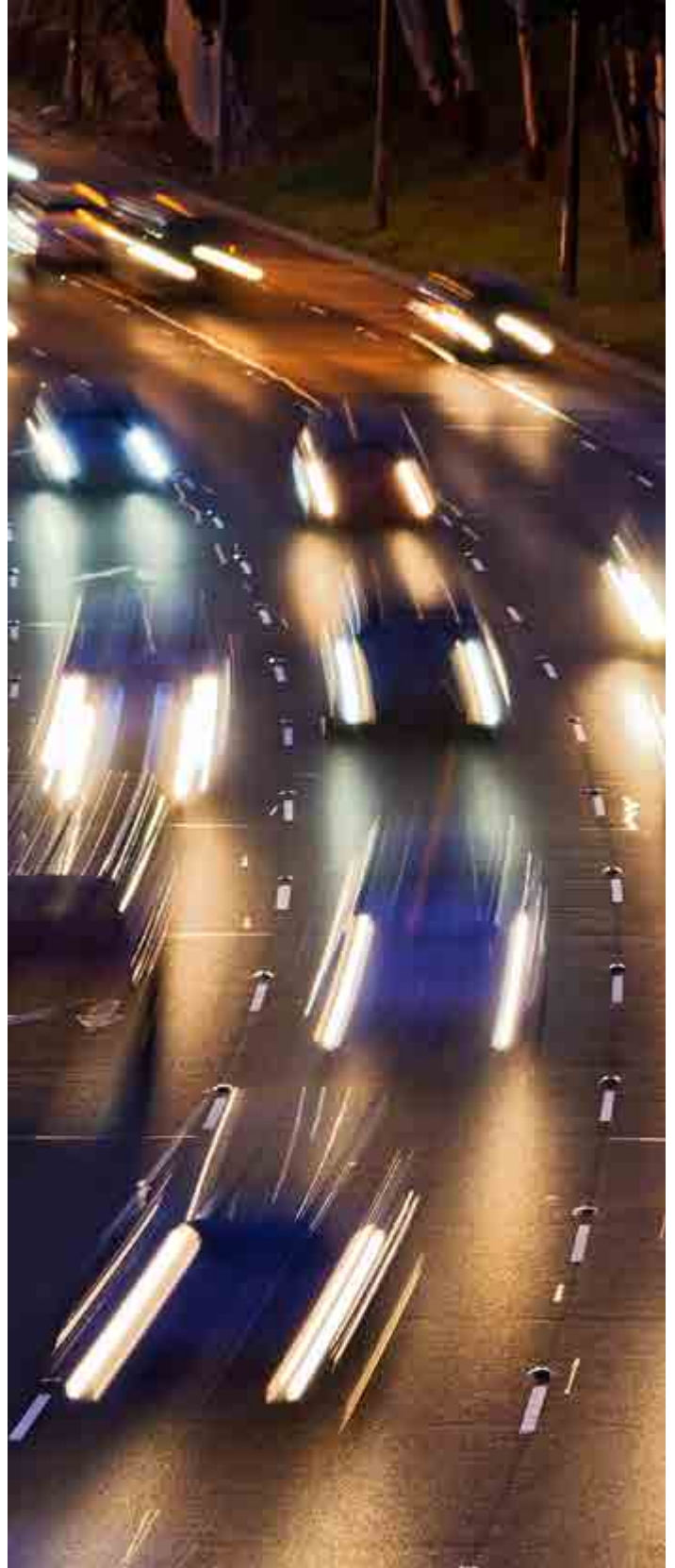
South Australia passed its road-user charging legislation in October 2021, with a scheduled commencement also for July 2027 or when EVs reached 30 per cent of total vehicle sales, whichever occurred first. However, this was repealed following the change of state government in 2022.

The way forward

The AAA believes the High Court decision in *Vanderstock* obliges the Commonwealth to work (with states and territories) on a sustainable and equitable road-user charge for zero-emission vehicles, as a first step toward broader motoring tax reform. The AAA acknowledges that the Council on Federal Financial Relations is considering this issue, and a Taskforce has been established within the Commonwealth Treasury to provide advice to the Council.

The revenue from a road-user charge on ZLEVs should be directed to land transport infrastructure funding (including for EV charging in locations where return on investment is insufficient to be serviced by commercial providers alone).

The Australian Government needs to urgently progress work with the states and territories. The NSW legislated approach is a good starting point for states, territories and the Commonwealth to agree on a national model for ZLEVs to be included in the land transport tax system.



5. Infrastructure funding



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The AAA seeks government commitment to:

- Ensure that AusRAP road safety ratings for all road-user groups are published for all major road projects funded under the Commonwealth's Infrastructure Investment Program at the time of funding commitment.
- Continue to fund a 10-year land transport infrastructure pipeline at, or above, current funding levels expressed as a proportion of GDP.
- Use published road safety data such as AusRAP to select land transport projects.
- Project selection processes based on published pre-identified criteria, including national interest, defined corridors and nation-building objectives.
- Increased funding to sub-programs that support broader policy objectives in the Infrastructure Policy Statement such as productivity, resilience, liveability and sustainability that are delivered through the land transport system.

The AAA has welcomed commitments by the former and current Australian Governments to significant increases in investment in land transport infrastructure since 2020-21.

A detailed Land Transport White Paper is required but will take time to develop. While this is in progress, the AAA believes that the government must act to immediately improve infrastructure investment in Australia.

In particular, the AAA urges the Australian Government to introduce a higher level of transparency into the selection, delivery and post-completion evaluation of projects funded under the infrastructure investment program and sub-programs. Publishing AusRAP road safety ratings for all road-user groups before and after the delivery of road upgrades will give the public digestible information on the benefits of upgrades.

Improved project selection processes should be adopted, including the two-pass process as recommended by Professor Halton³ to ensure that projects included in the Infrastructure Investment Program have been fully assessed against published objective criteria, costed and are able to be delivered on time and to budget. This would see projects assessed as follows:

Pass 1 – This is intended to provide sufficient level of information on the benefits, costs and risks of the project to enable an informed in-principle decision on whether the project is included – in principle – in the infrastructure investment program. This stage includes assessment on the federal/state funding split for the delivery of the program depending on how much the project meets national objectives.

Pass 2 – Fully developed business case for the project following its in-principle approval (Pass 1). This stage is intended to provide further detail on the business case including risk mitigation, detailed costing, funding options (including funding split) and project assurance.

Under a two-pass process, funding splits between state/territory and Federal governments would not be pre-set but determined against transparent criteria. Individual projects could be funded at 80/20 or 50/50, or another funding split depending on the extent to which they are assessed to meet specific criteria set by the Commonwealth. For example, criteria might include the degree to which a project meets national interest objectives.

Supporting the decision-making process with better data, planning, guidelines and assessment will add rigour to the infrastructure program. Additional rigour in the way governments invest infrastructure dollars into major projects will reduce cost and time blow-outs and ensure that the right projects are being delivered in the right places when they are needed.

³ Final Report of the Independent Review of the National Partnership Agreement on Land Transport Infrastructure Project, 2023



Infrastructure funding

Continued

Sub-programs need to be delivered quickly and with accountability and meet the needs of the Australian community, as documented in the Infrastructure Policy Statement⁴. Sub-programs of the Infrastructure Investment Program should focus on achieving improvement in the following areas to support broader government objectives:

SUB-PROGRAMS	
PROGRAM	GOVERNMENT OBJECTIVES
<p>1. Active Transport</p>	<p>Active transport is an important component of the Australian transport ecosystem, especially as Australia heads towards a net-zero economy.</p> <p>For active transport to play a meaningful role in reducing congestion and emissions, sufficient funding will be needed to ensure that suitable infrastructure is delivered to support a shift to this transport mode.</p> <p>The AAA welcomed the Government commitment of \$100m over four years in the 2024 Federal Budget for an active transport fund, and the commitment to develop program guidelines in consultation with stakeholders. However, the AAA believes that more funding will be needed to achieve a meaningful shift to active transport.</p> <p>The Australian Government needs to continue working with state and local governments to fund the active transport infrastructure identified through state/territory infrastructure planning processes discussed above. Program guidelines should include two-pass selection processes and evaluation requirements for significant projects.</p>
<p>2. Public Transport</p>	<p>Large public transport infrastructure projects will be funded under the Infrastructure Investment Program two-pass approval process outlined above.</p> <p>Given the important role that public transport will play in the transition to net zero, the Australian Government needs to establish an application-based program for small public transport infrastructure projects. This should include small scale projects in regional locations and support infrastructure in larger centres, such as passenger information systems, bus stops, park and ride, drop-off/pick up zones, and facilities to increase public transport patronage.</p>
<p>3. Resilience/ Betterment</p>	<p>Resilience is an increasingly important feature of the Australian infrastructure landscape as Australia experiences more significant natural disasters and responds to the changing climate. For this reason, the Australian Government should establish a sub-program aimed at building more resilient infrastructure, particularly in regional locations. This would support local governments and reduce the long-term maintenance and rebuild costs following disasters.</p> <p>Funding under these programs should be available before and after disasters - to strengthen and rehabilitate any temporary repairs - and used proactively where the system is vulnerable to natural disaster events. Increasing investment in proactive projects aligns with recent changes to the Federal Black Spot Program, which dedicates more funding towards proactive road safety projects.</p>

⁴ [Infrastructure Policy Statement, 2023](#)

SUB-PROGRAMS

PROGRAM	GOVERNMENT OBJECTIVES
<p>4. Maintenance</p>	<p>Building on the Roads to Recovery Program and the roads component of the Financial Assistance Grants a more targeted maintenance program would ensure that land transport infrastructure in regional locations is safe, fit for purpose and supports economic productivity. As recommended by Barnes, Mrdak, and Waldock in the Infrastructure Investment Program review, this program should also be extended to enable multi-modal approaches.</p> <p>A road maintenance program needs to be supported by robust selection and/or distribution methodologies that recognise the own-source revenue contribution limitations of many small regional councils. The program also needs to be supported by regular evaluation to guide the effectiveness, allocation methodology, and funding profile.</p> <p>In addition, the Program should look to the recommendation of the Infrastructure Investment Program review and reform the funding arrangements for maintenance of the National Land Transport Network.</p>
<p>5. Road Safety</p>	<p>The AAA welcomes the Government's response to the recommendation in the Infrastructure Investment Program review to increase the funding for the Black Spot program.</p> <p>This program already has criteria, selection processes and evaluation in place however these can be further strengthened in line with the recommendations of the IIP review. This model can be applied to other programs, noting that some smaller local governments have limited capacity to submit applications – an issue which needs to be addressed for all programs.</p>
<p>6. Country Roads</p>	<p>Funding for local governments to upgrade and maintain local roads needs to be reviewed to ensure that funding models are fit for purpose, and local governments have the resources to deliver safe, well-maintained infrastructure.</p> <p>The AAA and its member clubs call on the Australian Government to work with state and local governments to develop a national program to fund safety upgrades on high-speed country roads.</p> <p>These roads, owned by local governments with low revenue bases, are vital connectors for local communities, but around 40 per cent of road deaths occur on local roads.</p> <p>The RAC has been working with the WA Local Government Association and Main Roads WA to develop a business case for a program based in WA. The AAA believes that this work should inform development of a national approach to improving road safety across regional Australia.</p>
<p>7. EV Charging Infrastructure</p>	<p>The AAA believes that the Commonwealth has a leadership role in:</p> <ul style="list-style-type: none"> • Strategic planning of a national network of charging infrastructure • Planning and management of the Australian electricity grid to support EV charging infrastructure <p>If consumers do not feel confident in the resources, systems and infrastructure required to support transition to EVs, things like charging facilities, the stability of the electricity grid and the availability of skilled service and repair technicians, there is a real risk that this will slow the rate of consumer uptake of EVs and threaten the achievability of the targets in the New Vehicle Efficiency Standard.</p> <p>This critical infrastructure should be planned and funded under the land transport infrastructure funding arrangements and included in the proposed White Paper and national land transport infrastructure plan within the infrastructure portfolio.</p> <p>Revenue collected through a road-user charge on zero and low-emission vehicles should be directed to land transport infrastructure funding (including for EV charging in locations where return on investment is insufficient to be serviced by commercial providers alone).</p>

